



HOUSE BILL 103: Automatic Renewal of Contracts.

**This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.**

2021-2022 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	April 27, 2021
Introduced by:	Rep. Stevens	Prepared by:	Bill Patterson
Analysis of:	Second Edition		Staff Attorney

OVERVIEW: House Bill 103 would amend the disclosure and notice requirements for consumer contracts with an automatic renewal clause.

CURRENT LAW: G.S. 75-41 requires a person who sells, leases, or offers to sell or lease any goods or services to a consumer under a contract containing an automatic renewal clause to clearly and conspicuously disclose: 1) the automatic renewal clause; 2) any contract terms that will change upon renewal; and 3) how to cancel the contract. If a contract will automatically renew for a term exceeding 60 days, the consumer must be notified, not sooner than 15 days and not later than 45 days before the date of the automatic renewal, that the contract will automatically renew on that date unless it is canceled before then. A violation of any of these requirements renders the automatic renewal clause void and unenforceable.

BILL ANALYSIS: House Bill 103 would change these disclosure and notice requirements by:

- Making these requirements applicable only to contracts that are automatically renewed for a term of more than one month.
- Requiring the consumer to be provided with a disclosure statement clearly and conspicuously providing notice of all of the following:
 - That the contract will be automatically renewed if the consumer agrees to the contract.
 - The length of the initial term of the contract and of each renewal period under the contract.
 - The amount the consumer will be charged initially and for any renewal periods, if known.
 - A list and explanation of any terms that will change upon the contract renewal.
 - Contact information for the consumer to use to terminate the automatic renewal, or another cost-effective, timely, and easy-to-use way to terminate the renewal.
- Requiring the consumer's affirmative consent before the consumer is charged for an automatic renewal.
- Replacing the current notice requirement applicable to contracts that automatically renew for a term of exceeding 60 days with a requirement that if a contract will automatically renew for a term of 6 months or more, the consumer must be notified, not sooner than 15 days and not later than 60 days before the date of automatic renewal, that the contract will renew on that date unless it is canceled before then.

EFFECTIVE DATE: This act would become effective January 1, 2022 and would apply to contracts entered into on or after that date.

Hillary Woodard, counsel to House Judiciary 2, substantially contributed to this summary.

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